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FINANCIAL AIA

July 31, 2006

Beth O'Donnell, Executive Director
Commonwealth of Kentucky
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

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PUBLIC SERVICE
COMMISSION

Re: Citipower L.L.C.
Quarterly Report of Gas Cost Recovery Rate Calculation

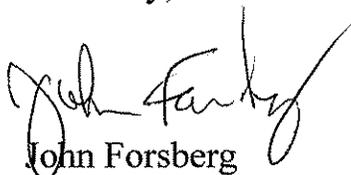
Dear Ms. O'Donnell:

Case No. 2006-00375

Please accept the enclosed Citipower, L.L.C. Quarterly Report of Gas Cost Recovery Rate Calculation, filed July 31, 2006 for rates to be effective September 1, 2006 based on the reporting period from February 1, 2006 through April 30, 2006. To the best of my knowledge, this filing is complete and accurate, is in accordance with the requirements of the Commonwealth of Kentucky Public Service Commission.

The Public Service Commission may, as it has in the past, correct the Quarterly Report of Gas Cost Recovery Rate Calculation provided by Citipower, and issue its Order based on its corrected Calculation. If the Commission corrects the enclosed Calculation and issues its Order based on the Commission's corrected calculation, please provide me with a legible copy for future reference.

Sincerely,


John Forsberg

Citipower, LLC
2122 Enterprise Road
Greensboro, NC 27408

Voice 336-379-0800
Fax 336-379-0881

Citipower, LLC

COMPANY NAME

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Case No. 7006-00375

Date Filed:

July 31, 2006

Date Rates to be Effective:

September 1, 2006

Reporting Period is Calendar Quarter Ended:

April 30, 2006

C. L. Power, LLC

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.31
+ Refund Adjustment (RA)	\$/Mcf	
+ Actual Adjustment (AA)	\$/Mcf	< 1.4076 >
+ Balance Adjustment (BA)	\$/Mcf	< .0971 >
= Gas Cost Recovery Rate (GCR)	\$/Mcf	8.8053

GCR to be effective for service rendered from 9/1/06 to 11/30/06

A.	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	865,885
	+ Sales for the 12 months ended <u>4106</u>	Mcf	83,985
	<u>Expected Gas Cost (EGC)</u>	\$/Mcf	10.31
B.	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	= Refund Adjustment (RA)	\$/Mcf	
C.	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	< 1.5932 >
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	< .7124 >
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.8780
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	.02
	= Actual Adjustment (AA)	\$/Mcf	< 1.4076 >
D.	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	< .0008 >
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	< .0261 >
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	< .0111 >
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	< .0591 >
	= Balance Adjustment (BA)	\$/Mcf	< .0971 >

Citypower, LLC

SCHEDULE II

EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended April 30, 2006

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5)** Rate	(6) (4)x(5) Cost
Citigas			71,767		739,918
Forexco			12,218		125,968
Totals			<u>83,985</u>		<u>865,885</u>

Line loss for 12 months ended _____ is _____ % based on purchases of _____ Mcf and sales of _____ Mcf.

	Unit	Amount
Total Expected Cost of Purchases (6)	\$	865,885
+ Mcf Purchases (4)	Mcf	83,985
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.31
x Allowable Mcf purchases (must not exceed Mcf sales + .95)	Mcf	83,985
= Total Expected Gas Cost (to Schedule IA.)	\$	865,885

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.
**Supplier's tariff sheets or notices are attached.

SCHEDULE III

SUPPLIER REFUND ADJUSTMENT

Details for the 3 months ended _____ (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
Total supplier refunds received	\$	
+ Interest	\$	
= Refund Adjustment including interest	\$	
+ Sales for 12 months ended _____	Mcf	
= Supplier Refund Adjustment for the Reporting Period (to Schedule IB.)	\$/Mcf	

Citypower, LLC

SCHEDULE IV

ACTUAL ADJUSTMENT

April 30, 2006

For the 3 month period ended (reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Month 1</u> <u>(02/06)</u>	<u>Month 2</u> <u>(03/06)</u>	<u>Month 3</u> <u>(04/06)</u>
Total Supply Volumes Purchased	Mcf	13,802	9,589	5,634
Total Cost of Volumes Purchased	\$	111,248	82,944	44,317
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	13,802	9,589	5,634
= Unit Cost of Gas	\$/Mcf	8.06	8.65	7.86
- EGC in effect for month	\$/Mcf	14.86	10.26	10.26
= Difference [(Over-)/Under-Recovery]	\$/Mcf	<6.80>	<1.61>	<2.40>
x Actual sales during month	Mcf	13,802	9,589	5,634
= Monthly cost difference	\$	<93,854>	<15,438>	<13,521>

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	<122,813>
+ Sales for 12 months ended	Mcf	83,985
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	<1.59>

Citypower, LLC

SCHEDULE V

BALANCE ADJUSTMENT

For the 3 month period ended April 30, 2006
(reporting period)

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the AA of <u>.0091</u> \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of <u>83,985</u> Mcf during the 12-month period the AA was in effect. Equals: Balance Adjustment for the AA.	\$	689.86 764.26 <u>(74.40)</u>
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect. Equals: Balance Adjustment for the RA.	\$	 <u> </u>
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR. Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect. Equals: Balance Adjustment for the BA.	\$	 <u> </u>
Total Balance Adjustment Amount (1) + (2) + (3)	\$	
+ Sales for 12 months ended <u>April 30, 2006</u>	Mcf	<u>83,985</u>
Balance Adjustment for the Reporting Period (to Schedule ID.)	\$/Mcf	<u>(-0008)</u>

**Citipower LLC
Quarterly Report of Gas Cost
Recovery Rate Calculation
Filing 07/31/06**

**Schedule II
Expected Gas Cost**

<u>Month</u>	<u>Mcf</u>
May-05	5,358
June-05	3,981
July-05	2,879
August-05	3,167
September-05	4,139
October-05	4,333
November-06	7,164
December-06	12,624
January-06	11,314
February-06	13,803
March-06	9,589
April-06	5,634
	83,985

**Citipower LLC
Schedule V
Balance Adjustment
Filing 07/31/06**

<u>Month</u>	<u>Mcf</u>
June-05	3,981
July-05	2,879
August-05	3,167
September-05	4,139
October-05	4,333
November-05	7,164
December-05	12,624
January-06	11,314
February-06	13,803
March-06	9,589
April-06	5,634
May-06	5,843
	84,470

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Commodity Futures Price Quotes For

NYMEX Henry Hub Natural Gas

(Price quotes for NYMEX Henry Hub Natural Gas delayed at least 30 minutes as per exchange requirements)

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25.77/3 = 8.59
 BTU 1.2 \$
 10.31

25.77

Month <small>Click for chart</small>	Session								Pr.Day		Options
	Open	High	Low	Last	Time	Sett	Chg	Vol	Sett	OpInt	
Sep 06	7.790	8.070	7.670	7.970	Jul 31, 12:45	-	0.786	23060	7.184	120457	Call Put
Oct 06	8.000	8.300	7.910	8.200	Jul 31, 12:44	-	0.776	9024	7.424	80396	Call Put
Nov 06	9.400	9.600	9.260	9.600	Jul 31, 12:41	-	0.796	4837	8.804	41494	Call Put
Dec 06	10.750	10.900	10.600	10.900	Jul 31, 12:44	-	0.741	5326	10.159	38340	Call Put
Jan 07	11.250	11.500	11.230	11.480	Jul 31, 12:41	-	0.716	9127	10.764	51531	Call Put
Feb 07	11.260	11.450	11.240	11.400	Jul 31, 12:28	-	0.626	857	10.774	29526	Call Put
Mar 07	11.150	11.150	11.000	11.145	Jul 31, 12:21	-	0.611	2973	10.534	64009	Call Put
Apr 07	8.750	8.750	8.720	8.720	Jul 31, 12:45	-	0.076	2516	8.644	36845	Call Put
May 07	8.550	8.550	8.520	8.550	Jul 31, 12:41	-	0.086	593	8.464	23939	Call Put
Jun 07	8.750	8.750	8.620	8.630	Jul 31, 12:14	-	0.084	146	8.546	12963	Call Put
Jul 07	8.730	8.730	8.730	8.730	Jul 31, 12:37	-	0.081	-	8.649	9785	Call Put
Aug 07	-	-	-	8.729 *	Jul 28, 15:12	-	-	-	8.729	9256	Call Put
Sep 07	8.950	8.950	8.950	8.950	Jul 31, 10:53	-	0.121	356	8.829	10039	Call Put
Oct 07	9.050	9.060	9.040	9.060	Jul 31, 12:07	-	0.071	1123	8.989	27728	Call Put
Nov 07	9.900	9.900	9.830	9.830	Jul 31, 12:04	-	0.061	32	9.769	15260	Call Put
Dec 07	10.720	10.720	10.644	10.644	Jul 31, 12:03	-	0.070	774	10.574	28046	Call Put
Jan 08	11.144	11.144	11.144	11.144	Jul 31, 12:04	-	0.070	4536	11.074	30338	Call Put
Feb 08	11.200	11.200	11.149	11.149	Jul 31, 11:59	-	0.070	8	11.079	11795	Call Put
Mar 08	10.884	10.884	10.884	10.884	Jul 31, 11:59	-	0.070	-	10.814	26032	Call Put
Apr 08	8.200	8.200	8.109	8.120	Jul 31, 11:52	-	0.031	310	8.089	19404	Call Put
May 08	7.900	7.900	7.864	7.864	Jul 31, 11:42	-	0.020	76	7.844	12339	Call Put
Jun 08	8.050	8.050	7.954	7.954	Jul 31, 11:36	-	0.020	34	7.934	4079	Call Put
Jul 08	8.150	8.150	8.024	8.024	Jul 31, 11:15	-	-	25	8.024	3140	Call Put
Aug 08	8.104	8.104	8.104	8.104	Jul 31, 11:13	-	-	29	8.104	3042	Call Put
Sep 08	8.219	8.219	8.219	8.219	Jul 31, 11:13	-	-	14	8.219	3364	Call Put
Oct 08	-	-	-	8.394 *	Jul 28, 15:12	-	-	-	8.394	14626	Call Put
Nov 08	-	-	-	9.154 *	Jul 28, 15:12	-	-	-	9.154	4683	Call Put
Dec 08	-	-	-	9.929 *	Jul 28, 15:12	-	-	-	9.929	8654	Call Put

Citipower, LLC
2122 Enterprise Rd.
Greensboro, NC 27408



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PUBLIC SERVICE
COMMISSION

Beth O'Donnell, Executive Director
Commonwealth of Kentucky
Public Service Commission
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Frankfort, Kentucky 40602-0615

